



**Board of Administration**  
P.O. Box 942701  
Sacramento, CA 94229-2701  
(916) 326-3932

December 17, 2003

Steven A. Burd  
Chairman, President & CEO  
Safeway Inc.  
5918 Stoneridge Mall Road  
Pleasanton, CA 94588

Re: United Food and Commercial Workers  
Labor Negotiations

Dear Mr. Burd:

It has come to our attention that your company is currently engaged in negotiations with the UFCW regarding issues, among others, over basic health benefits. We wish to express our deep concern regarding the status of these negotiations and we encourage you to resolve them fairly and expeditiously.

CalPERS currently owns \$77,181,120 worth of equity shares in your company. We are a long term shareowner and we contribute a significant and stable base of capital to your corporation. As a long term investor we believe that fair treatment of employees is a critical element in creating long term value for shareowners. Fundamental to the fair treatment of employees is a reasonable health care plan that provides basic health care for your workers.

In addition we feel that your corporation's blatant disregard for quality of life issues for your long term employees, is having a significant impact on our investment in your corporation. As a case in point, we note that you have not resolved the current dispute. We have a fiduciary responsibility to invest with sound confidence that ensures a stable and growing rate of return for our fund in order to meet the demands we have of meeting our financial obligations for our beneficiaries.

Therefore, we urge you in the strongest terms possible, to negotiate in good faith with the UFCW and to provide a benefit package that enhances the productivity of your employees as well as the long term value for shareowners.

Sincerely,

Rob Feckner , Vice President, CalPERS Board of Administration  
Chairman, CalPERS Investment Committee



**Board of Administration**

P.O. Box 942701  
Sacramento, CA 94229-2701  
(916) 326-3932

December 17, 2003

Lawrence R. Johnston  
Chairman, President & CEO  
Albertson's Inc.  
250 Parkcenter Boulevard  
P.O. Box 20  
Boise, Idaho 83726

Re: United Food and Commercial Workers  
Labor Negotiations

Dear Mr. Johnston:

It has come to our attention that your company is currently engaged in negotiations with the UFCW regarding issues, among others, over basic health benefits. We wish to express our deep concern regarding the status of these negotiations and we encourage you to resolve them fairly and expeditiously.

CalPERS currently owns \$31,346,804 worth of equity shares in your company. We are a long term shareowner and we contribute a significant and stable base of capital to your corporation. As a long term investor we believe that fair treatment of employees is a critical element in creating long term value for shareowners. Fundamental to the fair treatment of employees is a reasonable health care plan that provides basic health care for your workers.

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Chairman, CalPERS Investment Committee



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December 17, 2003

David Dillon  
Chairman  
Kroger Company  
1014 Vine Street  
Cincinnati, OH 45202

Re: United Food and Commercial Workers  
Labor Negotiations

Dear Mr. Dillon:

It has come to our attention that your company is currently engaged in negotiations with the UFCW regarding issues, among others, over basic health benefits. We wish to express our deep concern regarding the status of these negotiations and we encourage you to resolve them fairly and expeditiously.

CalPERS currently owns \$71,336,941 worth of equity shares in your company. We are a long term shareowner and we contribute a significant and stable base of capital to your corporation. As a long term investor we believe that fair treatment of employees is a critical element in creating long term value for shareowners. Fundamental to the fair treatment of employees is a reasonable health care plan that provides basic health care for your workers.

In addition we feel that your corporation's blatant disregard for quality of life issues for your long term employees, is having a significant impact on our investment in your corporation. As a case in point, we note that you have not resolved the current dispute. We have a fiduciary responsibility to invest with sound confidence that ensures a stable and growing rate of return for our fund in order to meet the demands we have of meeting our financial obligations for our beneficiaries.

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Chairman, CalPERS Investment Committee